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People's Great Hural Holds November Session

Sodnom Reports on Draft Laws

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[Report by Deputy D. Sodnom, chairman of the Mongolian People's Republic (MPR) Council of Ministers, "On the Draft MPR Law on State Enterprises and the Draft MPR Law on Mineral Wealth," delivered at the 28-29 November 1988 People's Great Hural Session]

[Text] Comrade deputies!

An important condition for realizing the party's policies for accelerating the MPR's economic and social development is the creation and utilization of a flexible and efficient national economic management system.

Proceeding from the decisions of the 19th MPRP [Mongolian People's Revolutionary Party] Congress, economic management reform measures are being carried out to ensure that management corresponds with the achieved level of productive forces and real production conditions. The measures are being directed primarily at solving the following basic issues:

- The application of economic methods at all levels of administration;
- The creation of an optimal mechanism, organically combining the interests of the labor collective and the individual with the interests of society and ensuring on this basis unified actions of all people, the participants in public production, in augmenting the public wealth with their proprietary attitude to socialist property;
- The transfer of all enterprises and economic organizations to full economic accountability and on this basis realization by every labor collective of its production and social needs from the results of its own labor, and in line with this their contribution to the development of the country and society;
- The close coordination of questions on how to perfect national economic planning and economic mechanisms as well as the organizational structure of administration;
- The deepening of democracy and expansion of the independent activities of labor collectives by developing their self-management and strengthening ties between science and production. A more complete mobilization of the country's available potential, acceleration of its economic and social development, and an increase in the people's welfare will be ensured to the extent the aforementioned issues are solved.

Corresponding measures have been adopted and are being realized on questions relating to the implementation of decisions of the Third MPRP Central Committee Plenum (1987) and to economic management reform.

Multifaceted measures are being adopted aimed at perfecting national economic planning and making enterprises and economic organizations accountable.

In this connection, new economic norms and schedules are being established, an organization's role in the state budget is being changed, and measures are being carried out to strengthen the role of economic agreements and expand the independence of labor collectives.

Contract and lease systems are being broadly applied in state and cooperative organizations, particularly in animal husbandry.

Individual labor activity is developing and the establishment of labor cooperatives is expanding.

A series of measures is being adopted to perfect the organizational structure of national economic management and to reduce the administrative apparatus.

Socialist democracy and glasnost are penetrating increasingly deeper into all spheres of social life and are fostering the exposure and elimination of shortcomings and cases of injustice as well as the optimal solution of specific questions of the country's economic and social development.

The working people of our country support the policy of reform, and their activities are growing. This is manifested in the development of economic thinking among them and the expansion of the struggle to expose and use production reserves as well as to raise the results of their labor. Following from this, there has been progress in the growth of production volume and efficiency and improvement in the quality of products, work, and services.

However, the reform is only in its initial stage. Deepening it further and ensuring its comprehensive nature is a demand of life.

Enterprises and economic organizations are the main units to verify how comprehensive, intercoordinated, and efficient economic reform measures really are and whether adopted legislative measures correspond to the solution of existing tasks.

It is precisely here that material wealth is created, production relations are basically realized, and specific social and economic questions solved; here, everyone's right to labor is realized and workers aptitudes and skills are manifested. However, it is here that negative aspects of economic management and shortcomings in work are also most prominently manifested.

In this connection, the MPR Law on State Enterprises was formulated in accordance with the need to reflect in a comprehensive way questions of perfecting planning

and economic mechanisms requiring solution in the framework of economic management reform; it is being tabled for discussion by this session.

This law will become the basis for changing all legislative bills regulating economic relations in the spirit of the reform policy that is being carried out.

The law will apply to all state enterprises, the primary units of branches of the national economy having the rights of a legal body, engaged in the production of goods and providing paid work and services on cost accounting principles.

All branches, enterprises, economic organizations, institutions, and citizens of our country in one way or another use mineral raw materials as well as other riches of the earth. In connection with the need to further accelerate the development of productive forces, the volume of minerals utilization will increase even more.

In this connection, it has become necessary to adopt a law that will serve as a legal basis for regulating economic relations in the rational use and protection of mineral wealth in accordance with the demands of environmental protection in our country and preserving the ecological balance.

The law on mineral wealth will become one of the guarantees for implementing the provisions of the law on state enterprises concerning the efficient use of natural wealth and environmental protection. This is why these two laws are closely interrelated.

The results of the national discussion on them show that the working people of our country attach great social and political significance to these laws. Along with the approval and support for them, many businesslike and substantial proposals for improving the drafts were received. They have been thoroughly studied, and as a result changes and additions have been made in the corresponding provisions of the draft laws.

Many important proposals were received that did not directly concern the draft laws but had practical significance. They are being examined and implemented by the corresponding organizations.

I. MPR Law on State Enterprises—Basic Document of Economic Management Reform

Comrade deputies!

The draft Law on State Enterprises has been handed out to you. Therefore, I will not report on it in detail but will dwell on questions of principle relating to further deepening economic management reform.

The draft law is generally aimed at establishing the necessary conditions for successful solution by enterprises and their labor collectives of tasks aimed at

satisfying public requirements for quality products, work, and services and ensuring steady growth in the welfare of collectives and every one of its members on the basis of independent activities using full cost accounting principles. The questions reflected in this draft are closely interrelated and are comprehensive in nature.

Particular attention in the draft law is devoted to questions of perfecting property relations.

The collectives, in changing over to the practice of electing the leadership of enterprises, shops, and brigades, will elect the most progressive people, those who have earned their trust. The director of an enterprise leads and organizes production on behalf of the collective and the state and bears full responsibility for the end results of his management.

In other words, self-management does not abolish one-man management or the personal responsibility of the leader; it directs a leader toward ensuring that public interests are under the control of the collective.

The activities of labor collectives of enterprises that have their own assets and independently decide social and production issues will be carried out under conditions of active use of money-exchange relations, the law of values, as well as **economic competition** directed at achieving high results with minimum expenditure.

Under new conditions, socialist competition will be enriched with new content, undergo changes in relation to form, and gradually acquire characteristics of socialist struggle.

Under the conditions of socialist competition, to ensure that the public gets quality goods with minimum expenditure, great possibilities arise in linking planned management with the optimum development of the market, as well as utilizing money-exchange relations as a means to actively influence the fulfillment of planned tasks. In this connection, also reflected in the draft law are questions on broadening opportunities for state enterprises; on economic, trade, supply, scientific research, and design organizations establishing direct ties with each other as well as with cooperatives and individual citizens; on independently setting prices and tariffs; and on implementing foreign trade operations.

State enterprises are given a lot of authority to sell off production in excess of state orders, contract goods that have been rejected by consumers, unused assets, as well as goods and materials purchased from cooperatives and citizens. This means the broadening of market activities.

Under conditions of changing the form and content of socialist struggle and optimum development of socialist competition, the market will become an important moving force in the implementation of public production, consistent with demand and increased efficiency.

In utilizing scientific and technical achievements, enterprises will be able to solve their main task, which is to increase production efficiency and satisfy society's need for high quality, competitive products.

In accordance with this, enterprises are being presented with great opportunities for active work. In particular, they can have a scientific research or design unit independently develop cooperation with scientific establishments, solve specific questions concerning science and technology, and develop production of the highest order on a competitive basis.

High demands are being made of cadres in relation to their direct involvement in organizing work to implement self-management and full economic accountability.

Cadres working in enterprises under new conditions must be able to take into consideration future prospects and efficiently organize production and ensure that collective and social interests coincide. Moreover, they must be receptive to scientific and technical advances, to all that is new and progressive and facilitate production, to selling products to the public, and to analyzing demand for products. Economic thinking must be inherent in them, as well as socialist entrepreneurial and commercial skills. It is precisely because of this that opportunities, in various forms, are being made available to the enterprises to train and educate cadres.

The principles that the socialist state is the owner of state property and the labor collective is the lawful master of this property are laid down in the draft law. This is precisely the legal basis for turning a labor collective into the master of a certain part of socialist property.

Being the master, a labor collective acquires broad rights to own, use, and dispose of its property. However, it bears full responsibility for its preservation and growth.

No organization at a higher level is allowed to appropriate in any manner the fixed capital and working capital, cost accounting income, foreign currency, or other financial assets of a state enterprise. This is an important condition for developing independent and creative activities of labor collectives and strengthening economic accountability; it will also do away with alienation of property.

The essence of economic accountability lies in the fact that a labor collective of an enterprise undertakes obligations to society by necessity when it becomes an owner of a certain part of state property; it must create sources of capital for solving its production and social tasks on the basis of profits and funds acquired through its own activities.

In order to strengthen the principles of economic accountability, a new economic concept is being introduced—cost accounting income—which will be an important lever to ensure that the interests of society, labor collectives, and their members are met.

The capital used to pay for labor and the solution of problems of social development of labor collectives will directly depend on the size of cost accounting income received as a result of production activity. In the collectives, this will increase interest and develop their creative activity in the direction of a thrifty attitude, growth, and more efficient use of property in their charge. On the other hand, a collective that has achieved an increase in cost accounting income will make a greater contribution to accelerating national and social development.

Under the conditions of full economic accountability, the responsibility of labor collectives for the end results of their activities will dramatically increase. This also includes their responsibility for consequences of their mismanagement.

The use of internal economic accountability will become an important condition for the consistent introduction of the principles of total economic accountability and self-financing. In connection with this, great significance is attached to the introduction of the contract and lease systems at all levels of production.

The draft law reflects specific forms of implementing the principle of self-management of labor collectives on the basis of deepening democracy in the production sphere.

Labor collective meetings are the basis for developing democracy and self-management. The draft law determines the rights and obligations of a meeting in respect to making decisions on social and production questions, as well as on their implementation and control. During intervals between meetings, authority rests with the labor collective council. The council will mainly consist of workers, and it will be an elective body whose composition will be renewed after a certain period. It is important for meetings and councils to become active and creative bodies, capable of genuinely expressing and defending the interests of collectives, as well as actively influencing all aspects of enterprises.

The law envisages that the solution of questions of perfecting planning, economic mechanisms, and administrative organization, which are interrelated, will be ensured.

You all know that beginning this year, we have a new planning system. As the draft law indicates, enterprises will work out their plans independently on the basis of state tasks established from above for a small list of products that have special significance for providing social needs, as well as on the basis of stable economic

norms and limits, bearing in mind market demand and the interests of the collectives concerned. These plans will be discussed and adopted by the collectives.

The sphere over which state tasks extend can change in accordance with needs. According to state tasks, the state guarantees materials and technical support and establishes markets for the sale of products. This is of important significance for ensuring coordination between state plans and enterprise plans, as well as unity of interests of society and specific collectives.

Every enterprise will carry out its activities on the basis of prospects for further development, annual and 5-year plans worked out on a scientific basis, and with the broad participation of the labor collective.

In the future the 5-year plan will become the basic form of planning and organizing enterprise activities, which is envisaged by the law. Of particular significance is the fact that these prospects and 5-year plans must contain specific measures aimed at introducing the achievements of science and technology into production, changing production in accordance with the requirements of the national economy and population, improving the quality and competitiveness of products, raising economic efficiency of production, and ensuring social development of collectives.

An important condition for implementing the law will be to perfect the **accounting and price system** in terms of using it as a lever to promote the strengthening of economic accountability and expanding efficient activities.

The law envisages that prices and tariffs of every kind will promote the growth of efficiency in the national economy and at enterprises; will be relatively inexpensive for consumers; will take demand, consumer characteristics, and quality of products into consideration; will be flexible; and will be closely interrelated both domestically and with foreign trade prices. It is important to be strictly guided by the aforementioned principles when the state establishes prices and tariffs on products and services and also when further expanding the practice under which enterprises independently establish prices and prices and tariffs are used on the basis of agreements with consumers.

In so doing the extent to which free prices are applied will be linked with the provision of goods for and effective demand of the population.

Enterprises should not inflate prices and tariffs; they are obliged to maintain price discipline, and organs of state authority will establish corresponding controls.

Every enterprise will establish relations with the state and local **budget** on the basis of stable long-term quotas.

In establishing taxes and payments to central financial funds, as well as quotas, we should proceed from the fact that all enterprises are equal before the state in the economic sense. It is essential to eliminate such shortcomings as the inefficient redistribution of financial resources.

A common problem that demands solution is unprofitable enterprises

Unprofitability at most enterprises cannot be explained simply through imperfect pricing and accounting methods. In this connection, it is demanded that the leaders of these enterprises and of their higher standing organizations take effective measures to eliminate unprofitability in a short period. To achieve this it is primarily necessary to introduce advanced equipment and technology, reorganize or perfect labor and production organization, and operate under an economical regime.

One of the basic changes in economic mechanisms currently taking place is that an enterprise's own assets and bank credits, and not the nonreturnable state budget allocations, are becoming the main source for financing economic activities, in particular capital investments.

It is necessary to prevent such shortcomings as advancing bank loans for unjustified activities, delays in loan repayment for various reasons, and writing off debts and interest. Banking and credit organizations must strictly adhere to principles in advancing loans; they must be sure of the specific purpose for the loan, collateral, scheduled repayment period, ability to reimburse, and interest payment.

Proceeding from this requirement, an article was included in the draft law stipulating that an enterprise which violates credit principles, its security arrangements, or is late in repayment, loses its right to receive further credit.

Strict adherence to these credit-accounting principles will become an important condition for strengthening genuine economic accountability and developing independent and proprietary activities.

Banking organizations should not become administrative bodies that provide nonreturnable allocations to enterprises under the guise of credit. They should become equal partners in economic relations established on the basis of close coordination and in accordance with the principles of economic accountability.

Through flexible loan policies, state banking institutions will mainly provide incentives to enterprises to expand production, boost efficiency, and improve the quality and competitiveness of their goods, as well as accelerate the introduction of scientific and technological achievements.

Every labor collective and every member of a collective will receive **remuneration for labor** in strict accordance with the end **results** and the **quality of labor**. Wages are the lever directly influencing the development of collectives' social and labor activities, bringing economic accountability directly to every worker, and stimulating his or her personal interests.

In order to consistently introduce the principle whereby each collective searches for its own sources to increase wages, the law envisages a further broad determination of the labor remuneration fund and other incentive funds by distributing the revenue received. This will become the main condition for the implementation of the principles of economic accountability. Since the remuneration fund at enterprises will be established in accordance with the results and quality of their activities and on the bases of quotas or the residual method, enterprises themselves will make decisions on many questions, such as establishing wages, worker qualifications, work schedules and shifts, as well as choosing the optimal form and system of labor remuneration and incentives.

An enterprise will govern itself according to the size and correlation among wage rates and official salaries established by the state and will determine wages for all employees—within limits of the existing fund and taking into consideration the results of their work and their contribution to the common cause—from a worker to the director. In this way, the old method, which led to a leveling of labor remuneration, will be changed.

In connection with the introduction of full economic accountability and the expansion of enterprise independence, there is a demand that **the supply of materials and technology be perfected**.

The draft law envisages that an enterprise will organize its material resources through centralized distribution and wholesale trade, as well as through direct economic relations established with organizations.

Under our country's conditions, material and technical requirements will be provided through centralized distribution. On the basis of justified standards and quotas, we must distribute primary raw materials and other materials, as well as equipment, required for the manufacture of goods and for construction projects the state envisages.

In accordance with the need to develop independence on the basis of economic accountability, expanding wholesale trade becomes an important task.

In solving the tasks of accelerating our country's economic and social development, a demand naturally arises to pursue energetic activities to further expand and raise the efficiency of economic and scientific and technical ties with foreign countries, particularly with the socialist countries.

Enterprises are given the right to establish direct ties with foreign enterprises and economic organizations and to cooperate with them in the scientific and production spheres, as well as to conduct trade. In accordance with these rights, work must be directed primarily toward realizing the tasks of selecting and introducing modern scientific and technical achievements and the newest equipment and technologies, raising the quality and competitiveness of products and increasing foreign currency earnings. Particular attention will be paid to questions of selecting and training personnel capable of efficiently implementing foreign economic ties, to their mastery of practical skills, and to providing them with information.

An economic lever will come into effect whereby opportunities for an enterprise will expand depending on its degree of efficiency in foreign economic relations.

Comrade deputies!

The rights and duties of **branch and local administrative organs** will change as we move away from excessive centralized planning and distribution and administration from above in absolutely everything and as we develop enterprise independence.

They will not be allowed to interfere in the day-to-day economic affairs of enterprises and organizations subordinate to them but will administer their activities on the basis of applying perfected economic levers such as state tasks and long-term schedules and limits. This is why their apparatus must be businesslike and must not be top heavy.

All enterprises will be divided into two categories. They will have either national or local significance. The principles governing their relations with higher organizations are being established. **Ministries, state committees, and departments** will be directly responsible for enterprises having national significance. They will be small in number but will be highly skilled organs having unified policies concerning cadres and science and technology in the branch; they will direct their activities at solving key issues of branch policies such as the organization of new products and ensuring specialization and cooperation in production.

Enterprises of local significance will be directly subordinate to **aymag and city hural executive administrations**. In accordance with the tasks of comprehensive social and economic development, satisfying the needs of the population of a given territory, and increasing stable sources of revenue for the local budget, local organs of power will coordinate the activities of all enterprises in their territory, will render assistance to them in solving social questions, and will verify adherence to the law.

The draft law envisages that if a ministry, state committee, department, or aymag or city hural executive administration adopts a wrong decision or does not properly

fulfill an obligation and this causes an enterprise to suffer losses, then it is obliged to reimburse the enterprise. This provision arises from the need to raise responsibility.

On the other hand, higher organizations will have to control the actions of enterprises so that they conform to law and the interests of collectives do not suppress the interests of society.

In line with the expansion of enterprise independence, mutual economic relations deepen, which demands coordination. Proceeding from this, the law allows for the establishment of three forms of association: "production," "scientific production," and "enterprise association," that are not independent units of administration. These associations will mainly consist of independent enterprises and organizations, and one will become the chief enterprise.

They will have important significance in uniting the efforts of enterprises, economic organizations, and scientific institutions on specific questions; any of these organizations separately tackling these questions would have little effect. In particular, this includes the more efficient use of productive and scientific potentials on the basis of developing specialization and cooperation in production and strengthening the links between science and production. Associations will expand the concept of joint solution of specific questions in the process of social development in providing services.

II. Rational Use and Protection of Mineral Wealth—A National Cause

Comrade deputies!

Owing to national economic requirements, the volume of geological prospecting work in our country is increasing, more enterprises for the mining and processing of mineral raw materials are being commissioned, and highly efficient machines and equipment are being extensively used. All this is having a constantly increasing effect not only on our landscape but also on our mineral wealth.

The draft **MPR law on land use** regulates land use among enterprises, institutions, organizations, and citizens; it promotes scientific and rational use and protection of land.

The task of the **MPR law on mineral wealth**, which is being proposed for discussion by this session, is to legislate the legal basis for state regulation of social relations relating to the rational use and protection of mineral wealth as the material sphere occupying the space between the surface and the depths of the earth.

Mineral wealth is the exclusive property of the state. In this connection, the draft law envisages its use only by enterprises, institutions, organizations, and citizens to carry out geological studies, mining, and building underground structures.

Important significance is being acquired by the introduction, in accordance with economic reform, of a provision envisaging **paid use** of mineral wealth for national economic requirements.

The rights and responsibilities of local hural executive administrations in respect to utilization of mineral wealth by state, cooperative, and social organizations and citizens are expanding.

The draft law on mineral wealth determines the **basic requirements** that are essential for **geological organizations** and mining enterprises to adhere to in their routine activities, such as scientific implementation of geological studies, authentic determination of the quantity and quality of mineral reserves, not tolerating excessive loss and squandering of minerals during mining, and application of techniques for complex and full extraction of useful components during processing of mineral raw materials.

State, cooperative, and public organizations are obliged to use mineral wealth in a rational and complex way in accordance with adopted plans and to apply the proper measures during operations to **protect** the environment. They must also ensure the protection of sanctuaries and natural, historical, and cultural monuments and carry out **reclamation** of the land for further use in the national economy with its subsequent **transfer** to the corresponding hural executive administration.

All of this is aimed at raising the responsibility of those who use the mineral wealth.

Our working people are justifiably criticizing such widespread shortcomings as the abuse of our right to free and indefinite use of mineral wealth—a consumer attitude—and disregard for it on the basis of such general arguments that mineral wealth is "state property" and a "national asset."

The willful extraction of mineral resources, no matter by whom, has always been condemned by our people. The lofty concept of "land is the wealth of the state" or "land of my birth is worth more than gold" used to prevail. Indeed, we cherished it as an eternal inheritance which had to be used carefully by all from generation to generation.

This wonderful tradition of carefully treating the wealth of the motherland is legally affirmed in the draft law, as well as the **primary methods for its protection and zealous use.**

Enterprises, institutions, organizations, and individuals who breach the rules of the regulations governing the use and protection of mineral resources will be held **responsible**.

The draft law carefully reflects questions of increasing **state supervision** at all levels. It is also envisaged that a precise system of state control of the use and protection of mineral resources and of nature protection agencies will be implemented.

Great significance is being given to control by the local people's khural, their executive administrations, and nature protection agencies.

The draft law determines the direction of work in implementing intradepartmental control of ministries, state committees, and departments over enterprises, concerns, and organizations under their jurisdiction that use mineral resources.

The duties of public organizations, working collectives, and citizens in regard to this question have also been determined.

It should be particularly stressed that the present draft law uniformly regulates the social relations connected with the systematic use and protection of mineral resources; the rules are more stringent; and the duties and responsibilities of the state, cooperatives, public organizations, and citizens are rising to a new level.

The implementation of the MPR law on mineral wealth will undoubtedly result in it playing an important role in the protection, rational use, and comprehensive mastering of the wealth of mineral resources in accordance with growing state and public needs, while paying due attention to the sacred duty of protecting natural wealth for future generations.

III. On Organizing Work to Implement the Laws on State Enterprises and Mineral Wealth

Comrade deputies!

The proposal to bring the laws on state enterprises and mineral wealth into force from the beginning of 1989 is presented to this session for discussion.

The future management of economic reform will depend, to a great extent, on the organization of work to implement these laws. In this connection, the most important task for the central and local bodies of state power, enterprises, and economic organizations is to ensure appropriate preparation and efficient organization of this work.

We must not be simplistic in thinking that with the introduction of these laws everything will become better all by themselves. Only creative and active endeavors will bring results. As V.I. Lenin pointed out: "The

greater the scope, the greater the scope of historic activities, the more people will participate in the activities; similarly, the greater the change we wish to carry out, the greater the need will be to raise the interest and consciousness for it and convince millions upon millions of people of this necessity." ("Complete Works of Lenin," Vol 42, p 140) Therefore, it is important that every collective and every member clearly understand the conditions of the law and become proficient with the methods of its creative utilization.

To implement the law it is necessary to:

1. Organize systematic work on propaganda and study of the content and the meaning of the law among the labor collectives and the broad masses.

At the same time it is important to ensure that every working person take a truly proprietary way in deciding social and production tasks of one's own collective and has the ability to apply economic calculations in everyday work.

2. Conduct effective work, based on the existing plan and timetable, on legal economic acts, as well as the relevant resolutions and decisions that have already been adopted at all levels, to make them correspond to the laws that are to be adopted.

3. Continue measures that have been started to perfect the organizational structure of management and eliminate its unnecessary links, in accordance with the task of developing independence of enterprises and economic organizations.

4. Central economic bodies and administrative organs at branch and local levels must efficiently organize work on creating economic and other conditions necessary for the full implementation of laws. These are primarily measures to reconsider individual prices, tariffs, calculation methods, evaluation of natural and mineral wealth, and perfection of economic standards and quotas.

In this, one should specifically keep in mind that the change of state enterprises to full economic accountability and the increase in their revenues and profits depend not only on the economic conditions that are being established from outside but mainly on their own enterprising and economic abilities.

5. As results of production grow during the introduction of economic accountability, the collective's income as well as its members' wages increase. It is important to actually establish a situation which would enable them to increase their welfare and to use the money earned by their own labor for solving social questions. In this connection, it is necessary to undertake measures toward ensuring the fullest supply of consumer goods and paid

services to working people, expanding the construction of projects at the expense of enterprises' own capacities and assets, as well as through contracts with construction organizations.

6. All central and local administrative bodies, in organizing work to implement the law on state enterprises and the law on mineral wealth, need to start by changing style and work methods of their staff in order to ensure that these correspond to the laws.

It is important to analyze work on implementing the laws that is being conducted at each enterprise, support and disseminate leading experience in this, and undertake efficient measures to remove obstacles and difficulties.

7. It is necessary to arrange quickly the official transfer of property, natural wealth, land and its resources which are in the charge of and being used at an enterprise or an economic organization to the labor collectives. This is an important measure of political and economic significance.

8. The law on state enterprises will apply to most enterprises and economic organizations of our country, but it cannot cover the national economy as a whole.

If the activity of cooperative organizations is conducted on the basis of a separate law which corresponds to the spirit of the law on state enterprises, the mechanism of managing the country's economy as a whole will become comprehensive, coordinated, and an efficient means for securing the goal-focused activity of state and cooperative sectors of the economy. In this connection, we consider it necessary to adopt the law on cooperatives as early as possible.

This law is being elaborated with the goal of expanding and developing all kinds of cooperative movements, both in the production and service spheres. It will determine the economic and legal aspects and the main principles of their interrelations with state organizations.

Comrade deputies!

The communists and working people of our country warmly welcome the proposals of the MPRP Central Committee Politburo on the new tasks for improving the organizational and ideological work of the party. They realize the importance of this timely event and are discussing it in a businesslike manner.

This document reflects specific directions of further deepening the economic reform and developing restructuring in the country which will be of a complex character and will envelop the economic, political, social, and spiritual spheres.

We express the conviction that the law on state enterprises and the law on mineral wealth, which are being considered by this session of the MPR People's Great

Hural, will become an important impetus for deepening restructuring which, at the initiative of the MPRP, is being implemented in the country and for further developing the initiatives and creative activity of the working people, as well as accelerating economic and social development of the MPR.

Molomjamts Presents Budget Report
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in Russian 29 Nov 88 p 4

["On the 1989 MPR State Budget and Execution of the 1987 State Budget; Report by Deputy D. Molomjamts, minister of finance (Report published in abbreviated form)"]—NOVOSTI MONGOLII headline; delivered at the 28-29 November 1988 session of the Great People's Hural]

[Text] The MPR Council of Ministers presents for consideration to the current session of the MPR People's Great Hural the draft of the 1989 MPR state budget.

The People's Great Hural session is being held at a time when communists and working people of our country are widely discussing the proposals of the MPRP Central Committee Politburo to the regular MPRP Central Committee plenum. The proposals, entitled "New Tasks in Perfecting MPRP Organizational, Party and Ideological Work," were received with great satisfaction. They take into consideration the view that the party policy of renewal is acquiring a comprehensive character and is encompassing all spheres of social life.

The drafts of the MPR laws on state enterprises and on mineral wealth that are being submitted for adoption at the current session are important documents which represent a new step toward increasing economic reform.

Thanks to creative initiative aimed at deepening economic management reform, which is expanding in the center and in the aymags, production units, and labor collectives are basically fulfilling 1988 plan tasks for economic and social development.

Indexes for public production efficiency are improving, and tasks for raising labor productivity and lowering major production costs and outlays are being fulfilled. According to preliminary estimates, 3.2 billion tugriks in revenues will be received in branches of the national economy, which is over 300 million tugriks more than last year.

The 1988 state budget revenue plan is being fulfilled. This provides sources of finance for national economic, social, and cultural undertakings envisaged in the plan or adopted later during the year.

As a result of measures adopted to perfect the organizational structure of administration and to decrease costs and staff, it has been possible to slow down the growth of

expenditures for maintaining the administrative apparatus. During the past three years, administrative costs were decreased by a total of more than 20 million tugriks.

With the improved financial situation and solvency of enterprises and economic organizations, the effectiveness of bank credit utilization has increased. As of 1 October this year, the balance owed on short-term bank credits decreased by 5.1 percent as compared with the corresponding period of last year. The rate of turnover of credits increased by 2 days as compared to the plan, while the balance of debts for overdue credits decreased by 40 percent in comparison with last year.

Budget funds earmarked to finance social and cultural undertakings will increase by about 190 million tugriks over the previous year.

The tasks proposed by the 19th party congress on raising the material welfare and cultural level of the people are being successfully fulfilled. During the past three years, the state has spent more than 40 million tugriks on implementing additional measures for raising the material welfare of the people and the real incomes of the working people.

Despite positive undertakings and achievements, not all branches and organizations are equally fulfilling plan tasks aimed at raising efficiency and quality. Failure to fulfill plans for net output is expected in agriculture, transportation, and trade and supply.

Many opportunities are being missed to increase revenues, accumulations and payments to the budget, to augment funds needed to strengthen the material base of enterprises and organizations, and to solve social questions of a collective by mobilizing internal reserves and decreasing unproductive expenditures.

During the first nine months of the current year, almost 90 enterprises failed to fulfill profit plans, totaling more than 60 million tugriks. Most of them were enterprises and economic organizations subordinate to the Ministry of Light Industry, the Ministry of Agriculture and Food Industry, and the Ministry of Power, Mining Industry, and Geology.

It is understandable that all these things have a negative influence on fulfillment of the budget plan for accumulation and incomes.

The state budget for next year has been compiled, proceeding from the tasks for the country's economic and social development proposed by the 19th MPRP Congress and the decisions of the consequent Central Committee plenums on reforming economic management, as well as on the basis of the indices of the country's 1989 economic and social development plan.

The draft budget was meticulously considered at the Planning and Budget Commission and other standing commissions of the People's Great Hural. Observations and proposals made during the discussions were reflected in the draft plan.

In formulating the draft budget, particular attention was paid to deepening economic management reform; strengthening economic accountability and, in this connection, centrally implementing measures to improve the financial situation and the solvency of enterprises and economic organizations; increasing requirements to lower costs and expenditures; and rationally using material, labor, and financial resources and reducing nonproductive expenses.

With the change in the basic branches of the national economy for economic management, their interrelations with the budget have been formed on the basis of stable standards for the distribution of revenues and incomes.

In accordance with the requirements of the law on state enterprises, the 1989 budget reflects measures to establish a financial and economic situation that will increase the effect of financial credit, introduce principles and standards of full economic accountability, self-financing, and self-management, and expand the independence of enterprises and labor collectives.

The growth rate of budget allocations for social undertakings, such as improving foodstuff supply and expanding social amenities for the population, surpasses the growth rate of both national income and budget expenditures.

Great attention has been paid to increasing interest in and initiative for efficient and thrifty use of budget allocations. In 1989-90, measures will be undertaken to make organizations of the nonproductive sphere economically accountable to the budget by establishing the standard limits for their budget allocations. In this connection, budgetary institutions have been granted actual economized funds which will be used to finance measures to improve social welfare amenities for workers, pay bonuses, and strengthen the material base of organizations.

The draft 1989 state budget of the MPR, with incomes and expenditures of 6,970 million tugriks, is submitted for approval by this session.

In coordination with the Central Council of Mongolian Trade Unions, the 1989 social insurance budget has been planned with incomes and expenditures of 245.3 million tugriks—it has been included in the state budget.

The growth in production volume and production gains of the branches of the national economy, as well as better efficiency and quality permit an increase in 1989 accumulations by 4.7 percent, including revenue growth by 8.3 percent.

The major reasons for revenue and accumulation growth will be increased labor efficiency, reduced costs of production and operations, and lower service expenses.

The plan and the budget envisage economizing in connection with 40 kinds of raw and other materials and heating and motor fuel, which have important significance to the national economy. They also envisage a considerable increase in goods production as compared with last year, owing to the use of secondary raw materials.

In connection with the increase in the volume of revenue and accumulations in the national economy, the income of the MPR state budget will increase by 4.4 percent, or by 295 million tugriks, as compared to last year.

Incomes from state and cooperative enterprises and economic organizations will constitute 99.3 percent of the budget income.

Structure of State Budget Income Can be Seen From the Following Figures

| | (in millions of tugriks): | | |
|---|---------------------------|-----------------|---------------------|
| | 1988 Adopted | 1989 Planned | Percent Increase |
| 1. Total receipts from state, cooperative enterprises, economic organizations | 6630.4 | 6922.5 | 4.4 |
| 2. This Includes: | | | |
| —Turnover tax, price differences | 4342.4 | 4428.6 | 2.0 |
| —Payments from profits (revenue) to the budget | 1876.9 | 2042.6 | 8.8 |
| —Social security income | 230.5 | 245.3 | 6.4 |
| 3. Taxes and charges from the population | 44.6 | 47.5 | 6.5 |

In connection with planned growth in the volume of goods turnover, budget revenues in the form of turnover tax and price differences will increase by more than 80 million tugriks compared to the current year.

Under new economic conditions, profit (revenue) is becoming the main source for raising cost accounting income of labor collectives and increasing budget receipts, and its significance is constantly growing.

That portion of the budget which is recompensed from profits will increase by 8.8 percent over the current year and will reach 2 billion tugriks. That which is recompensed for funds has been set at 467.1 million tugriks, which amounts to more than 20 percent of payments into the budget from profits.

Beginning next year, a recompense for labor resources will be introduced for certain branches that have adopted new economic mechanisms.

In establishing norms for distribution of profits (revenues) between enterprises and the budget, particular attention has been paid to the principle of equality and strict economic exactness of the state toward enterprises and to ensuring financial and economic conditions for their independent activities.

According to planned measures aimed at rational use of forest resources and improving the use of timber products, timber procurement will be curtailed. In this connection, profits from payments by the log will decrease by 8.6 percent as compared to the previous year.

As far as taxes and charges from the population are concerned, their proportion in budget revenues will remain at the previous level. In accordance with the growth of cash income of the population, budget receipts amounting to 47.5 million tugriks are planned in the form of taxes and charges.

The budget also envisages taxes on the profits of citizens engaged in individual labor activities and labor cooperatives.

MPR state budget expenditures will be concentrated primarily on improving the economic structure, realizing specific programs worked out for key issues of the country's economic and social development, and solving social questions.

Budget Expenditures in Main Areas Will Include

| | (in millions of tugriks): | | |
|--|---------------------------|-----------------|---------------------|
| | 1988 Adopted | 1989 Planned | Percent Increase |
| 1. Financing of the National Economy | 2972.0 | 3151.0 | 6.0 |
| 2. Financing of Social, Cultural Undertakings | 2586.9 | 2761.6 | 6.8 |
| 3. Expenditures for Defense, State Administration, Reserve, Others | 1114.4 | 1057.4 | -4.9 |

A total of 45.2 percent of budget allocations will be directed into measures aimed at further developing branches of the national economy and 39.6 percent into social and cultural undertakings.

The decreasing of defense and administrative expenditures by 3.7 percent as compared to the current year is envisaged.

Next year, nearly 1.8 billion tugriks from all sources of finance will be directed into measures aimed at further developing agriculture, and nearly half of this will come from budget allocations.

Financing from the budget alone for strengthening the material and technical base of agriculture will amount to more than 390 million tugriks. It is envisaged that 120 million tugriks will be earmarked in the budget for

agricultural associations and cooperatives for the construction of pig, poultry, and dairy farms, repair workshops for agricultural machinery, mechanized grain storage facilities, shops for the production of butter and for the purchase of machines and equipment for livestock breeding units, interassociation mobile columns as well as new equipment for the reclamation of virgin land by agricultural associations, and for other undertakings. In accordance with the decisions of the Fourth (1987) MPRP Central Committee Plenum and with the aim of improving the living conditions of specialists working in rural areas, 150 million tugriks will be allocated by the state in 1989 for financing housing construction in somons.

More than 350 million tugriks from the budget will be used to provide incentives for increasing agricultural production, boosting fodder output, and irrigating pastures, and to finance veterinary expenditures and pay for transportation costs to haul fodder supplied to agricultural associations from state reserves.

Some 2.1 billion tugriks, from all sources of financing, have been allocated to finance industry. The lion's share of these funds has been earmarked for financing measures that will bring new capacities into play, re-equipment of manufacturing enterprises and refurbishing them with new equipment, broadening the range of manufactured items, and improving their quality.

A sum of 396 million tugriks will be allocated for financing start-up and adjustment work on newly commissioned enterprises and economic organizations, providing them with circulating capital, making up price differences for export production, and making additional price adjustments for export goods.

In connection with handing over to the state the heating systems and diesel stations which were under agricultural association management, the budgetary allocation for municipal needs will increase by almost 70 million tugriks, bringing the total to 165.7 million tugriks. Therefore, the annual costs to agricultural associations will be reduced by almost 20 million tugriks.

The economic and social development plan envisages that a sum of 3,625 million tugriks of capital investment will be realized from internal financial sources, which is 10 percent more than in the current year. In accordance with measures to ensure independence of enterprises and economic organizations and their changeover to full economic accountability, much attention will be given to questions of raising capital investment efficiency. Next year more than 60 percent of all resources will be concentrated and utilized on the projects that are near

completion. The proportion of funds from enterprises, economic organizations, and bank credits in sources of financing of capital investments will increase by 2.6 points.

As of this year, the practice of redistributing among the branches resources accumulated from what has been left over from renovation and major repair funds of enterprises and economic organizations will stop.

It is envisaged that in the 1989 budget 1,615 million tugriks will be allocated for capital investment, which is 60 million tugriks more than the current year.

Fulfillment of planned tasks in capital construction depends a great deal on the activities of building contractors. In this regard, it is envisaged that more than 170 million tugriks will be allocated for measures to improve the utilization of resources of construction organizations working on a contract basis, providing them with a work force, and improving the welfare of the builders.

Despite the concentration of significant material and technical resources in capital construction, as well as annual state capital investments amounting to hundreds of millions of tugriks, no significant improvement in efficiency indicators is noticeable in this branch of the industry, and work on skillful use of the economic mechanism continues to lag.

More than 160 million tugriks, an increase of 10 percent in comparison with the current year, has been allocated for the building and maintenance of motorways and bridges.

A ceiling of 145 million tugriks has been placed on geological exploration. After 1989 geological exploration organizations will change over to budgetary cost accounting. Their financing will be conducted within the limits of established state resources and determined by the end results of work done, while surplus funds will be left entirely at their disposal.

In accordance with the planned measures on developing branches of transport and communication, the state funds allocated for this will be increased by 10 percent.

The 1989 economic and social development plan envisages spending 2.76 billion tugriks, or 175 million tugriks more than in the current year, on social and cultural measures.

Moreover, more than 200 million tugriks has accumulated in the social development funds of enterprises and economic organizations which will be spent on measures to satisfy the social needs of collectives. At the same time, organizations which have changed over to budgetary cost accounting will receive complete control over economized resources, as well as income from non-budgeted sources.

Main Allocation of Financing Social and Cultural Measures

| | (in millions of tugriks) | | |
|--|--------------------------|-----------------|---------------------|
| | 1988 Adopted | 1989 Planned | Percent Increase |
| 1. People's Education | 1,094.2 | 1,157.0 | 5.7 |
| 2. Health, Physical Culture, and Sports | 552.3 | 597.5 | 8.2 |
| 3. Science, Culture and Art | 235.7 | 259.7 | 10.2 |
| 4. Social Insurance and Social Security | 704.4 | 747.4 | 6.1 |

In connection with an increase of 15,600 pupils and children in general education schools and kindergartens, 28 general education schools and 14 boarding schools for more than 10,000 places will be commissioned next year. Measures will be adopted to consolidate schools and preschool institutions at all levels with skilled personnel. Taking all of this into account, the financing of education in 1989 will increase over the preceding year by more than 60 million tugriks and reach 1.6 billion tugriks.

Budget allocations for measures to develop health services will increase by 40 million tugriks. The budget envisages funds essential next year for implementing measures aimed at realizing the specific program for maternal and child health protection up to the year 2000. As a result of measures adopted to increase the volume of medical assistance to the population and strengthen the material base of health service institutions, the provision of physicians to somon hospitals and physicians posts will improve and two or more physicians will work in 65 percent of them.

Seven new physicians posts are planned. The budget for next year envisages funds needed to establish and operate a pediatric polyclinic in every city, including aymag capitals, and a pediatric clinic at every intersomon hospital. The number of hospital beds will increase by 700 places. The number of pediatric departments, points for the distribution of milk to newborn infants, and pharmacies will increase from 1.7 to 10.8 percent.

The budget projects funds needed to further develop physical education and sports. Besides, considerable funds for physical education and sports will also be spent by enterprises and economic organizations.

Measures are envisaged to improve the amenities of clubs in nearly 60 agricultural associations and state farms and to transform them into cultural centers, with positions for methods teachers to conduct cultural and educational work. A music and drama theater will be built in Suhbaatar Aymag and the state polygraphic combine will be expanded. Allocations into the sphere of culture will increase by 9.6 percent compared to this year.

It is planned to strengthen economic accountability in scientific research organizations and to carry out a considerable part of their work in accordance with agreements on the basis of orders and tasks.

With the growth in volume of scientific research work carried out by scientific organizations, 110 million tugriks will be directed into this work from all sources of finance, with 50 million tugriks from budget funds, which will be spent under the control of the State Committee for Science, Technology, and Higher Education.

Several additional measures aimed at raising the standard of living of the people are planned.

The budget envisages funds needed to raise the salaries for certain categories of workers in trade and public service organizations, directors of general education, specialized secondary schools and vocational technical schools, as well as their deputies and department heads. The budget also takes into consideration additional funds for further implementing measures to extend the hours of operation of preschool institutions in cities, aymag centers, and certain large population points, and to introduce a teacher's aide and nanny into every kindergarten group and nursery, respectively.

Beginning with this academic year the stipends for Mongolian students studying in primary and secondary education institutions of the Soviet Union will increase by 22 to 33.3 percent and for postgraduate students by 14.3 percent.

Next year residential houses and dormitories with an area of 356,500 square meters will be built and commissioned with funds of state and cooperative organizations and approximately 60,000 people will move into new apartments. Along with the provision of long-term credits to citizens amounting to 25 million tugriks for the purpose of private construction, more than 10 million tugriks will be allocated from the budget to cover the difference in costs of certain construction materials that will be sold to them at a discount of 30-50 percent.

To maintain stable retail prices for certain kinds of consumer products and tariffs on services, funds earmarked by the state to cover the difference between prices and production costs of unprofitable goods will increase by about 80 million tugriks as compared to this year.

Budget Appropriations to Cover Differences in Accounting Prices Include

| | (in millions of tugriks): |
|---|------------------------------|
| | Total |
| 1. Difference in Meat Prices | 36 |
| 2. Difference in Milk Prices | 42 |
| 3. Difference in Prices for Children's Clothes, Footwear | 99 |
| 4. Difference in Tariffs on Urban Transport Services | 33 |
| 5. Difference in Tariffs on Bathhouse Services | 3 |

In addition to the above, considerable sums will be spent from the social development funds of enterprises and economic organizations to cover the difference in prices in workers' dining halls, in the provision of departmental transport, and in the operation of nurseries, kindergartens, hospitals, and sanatoriums.

Social security plays an important role in raising the living standards of the working people and in solving social questions.

In connection with measures aimed at strengthening the material base of rest homes and sanatoriums and, due to an increase in the number of people there, social security budget expenditures will increase by 14.8 million tugriks as compared to 1988.

Ten hospitals and schools and a nursery home are planned to be constructed with social security funds in centers and the aymags.

The role and significance of local budgets in fulfilling plans for the economic and social development of aymags and cities and solving social questions when they arise is increasing.

More than 70 percent of budget funds going into social and cultural measures are financed through local budgets.

The transfer of enterprises of state significance to new mutual relations with aymag and city budgets according to their location, which began this year, was an important move to strengthen the profit base of local budgets, improving the work of aymag and city hural executive administrations with enterprises and economic organizations.

Local budgets totalling 3,463,800,000 tugriks with a growth of 12.1 percent against the preceding year are planned.

The MPR Council of Ministers tables for discussion by this session a proposal to set the sizes of aymag and city budgets as follows:

| | (millions of tugriks) |
|----------------------|-----------------------|
| 1. Arhangay Aymag | 144.0 |
| 2. Bayan-Olgii Aymag | 169.5 |
| 3. Bayanhongor Aymag | 136.4 |
| 4. Bulgan Aymag | 96.4 |
| 5. Gobi-Altay Aymag | 139.2 |
| 6. Dornogobi Aymag | 107.6 |
| 7. Dornod Aymag | 153.5 |
| 8. Dundgobi Aymag | 106.0 |
| 9. Dzabhan Aymag | 177.3 |
| 10. Oborhangay Aymag | 147.9 |
| 11. Omnogobi Aymag | 14.4 |
| 12. Suhbaatar Aymag | 96.5 |
| 13. Selenge Aymag | 141.4 |
| 14. Tob Aymag | 174.5 |
| 15. Ubs Aymag | 150.3 |
| 16. Hobd Aymag | 134.0 |
| 17. Hobsgol Aymag | 152.2 |
| 18. Hentiy Aymag | 139.4 |
| 19. Darhan City | 150.1 |
| 20. Ulaanbaatar City | 787.5 |
| 21. Erdenet City | 55.7 |

The budget revenues of Ulaanbaatar, Darhan, and Erdenet cities and Dornod Aymag fully cover their expenditures. To cover planned expenditures exceeding budget revenues of the other aymags, subsidies totalling 1,545,500,000 tugriks are being earmarked from the republic's budget.

An important task of aymag and city hural executive administrations lies in increasing sources of revenue for their budgets by mobilizing and utilizing local reserves.

The MPR Council of Ministers submits for confirmation by this session an account of execution of the MPR state budget during 1987 with revenues of 6,441,600,000 tugriks and expenditures of 6,408,600,000 tugriks.

Measures being carried out to deepen reform of economic management demand mastery of new methods and work style in organizing budget fulfillment next year.

There should not be a repetition of the practice prevalent this year in the work of some enterprises and economic organizations, which in independently compiling their plans manifested a desire to work out an insufficiently intensive plan, permitted an unjustified understatement of efficiency and quality indicators of state tasks and of payments to the budget, which in turn often led to infringements on the economic interests of labor collectives.

The basis for introducing the principles of complete economic accountability in all branches of the national economy lies in the elimination of losses.

Beginning next year a regulation will be introduced whereby banks will officially announce the insolvency of unprofitable enterprises and economic organizations transferred to special systems of credit and accounting and establish the order for their payments.

The unjustified practice of compensating losses arising as a result of mismanagement with budget funds and bank credits will be stopped.

The corresponding ministries and departments should elaborate and implement measures aimed at eliminating losses at every enterprise and economic organization.

The lag in the growth of goods turnover volume and services behind the growth of cash income of the population has a negative effect on providing goods for the working people, as well as on the purchasing power of the tugrik, and causes certain difficulties in cash circulation.

The main way to get out of this situation lies in increasing the production of foodstuffs and consumer goods, expanding their variety and raising their quality, as well as increasing all kinds of paid services for the population.

Beginning next year, every enterprise and every economic organization turning out products for production and technical purposes will have to determine the volume of consumer goods production on the basis of the established norm per every tugrik of the wage fund, and organize its implementation. To raise the economic interest of enterprise and economic organizations in turning out consumer goods, measures will be adopted such as the provision of credits for these purposes at preferential conditions, exemption from turnover taxes on consumer goods which they produce, and allowing them to keep at their disposal profits from the sale of these products.

Proceeding from the demands to rationally use the free cash at the disposal of the population, work will be organized to support individual labor activities, establishment of cooperatives, perfection of voluntary insurance services among the population, and organization of cash and prize lotteries at the aymag and somon level. Aymag and city hural executive administrations should show their initiative in this sphere.

Control will be strengthened over adherence to the appropriate correlation between the rate of growth of labor productivity and the average wage at all stages of formation and distribution of the unified labor remuneration fund, wage fund, and incentives fund.

Bank control over the wage fund outlays will be aimed at ensuring the appropriate correlation between the rate of growth of labor productivity and the average wage.

One of the major reserves for raising production efficiency lies in enlisting surplus commodity and material wealth into economic turnover. It is deemed essential to organize every enterprise and economic organization a thorough inventory of surplus commodity and material wealth, particularly imported machines, equipment, and spare parts, and include them to the utmost in the economic turnover and use them efficiently.

I am firmly convinced that the working people of our country will achieve new successes in the cause of implementing the party's policy on reforming economic management and will completely fulfill the planned tasks of the coming year.

Jasray Introduces 1989 Development Plan

OW1602141889 Ulaanbaatar NOVOSTI MONGOLII
in Russian 29 Nov 88 pp 2,3

["On the 1989 State Economic and Social Development Plan of the MPR; Report by Deputy P. Jasray, deputy chairman of the MPR Council of Ministers and chairman of the MPR State Committee for Planning and Economy"—NOVOSTI MONGOLII headline; delivered at the 28-29 November 1988 session of the Great People's Hural]

[Text] Comrade deputies! The MPR Council of Ministers tables for discussion by this session the 1989 State Economic and Social Development Plan of the MPR,

worked out in accordance with the tasks proposed by the 19th MPRP Congress and the decisions of the 3d and 4th plenums of the party Central Committee.

During its elaboration the need to further expand the economic reform which has started in the country, and which must perfect the planning and economic mechanism and the independence of enterprises, economic organizations, and labor collectives with the aim of affirming predominantly economic methods in administrative practice, was taken into consideration. The peculiarities of their operations under conditions in which the MPR Law on State Enterprises is in effect were also taken into account.

This year, in accordance with new rules on planning, elaboration of the draft annual plan was for the first time carried out from below, beginning at the level of enterprises and economic organizations. Although this work was not organized properly everywhere in the spirit of the economic reform, there are grounds to consider that it was an important practical step in the further democratization of the economic administration process.

The draft plan was presented to the party Central Committee after it was discussed in detail by standing commissions of the MPR People's Great Hural and the Central Council of Mongolian Trade Unions and was completed, taking their important observations and recommendations into account. After reviewing this draft, the MPRP Central Committee Politburo basically approved it for tabling and review at the regular People's Great Hural Session and issued specific instructions that general attention be focused on the cause of ensuring further growth of public production and raising its efficiency on the basis of deepening the economic reform with the aim of invariably fulfilling plan tasks.

In the MPRP Central Committee Politburo's proposals "On New Tasks in Perfecting MPRP Party Organizational and Ideological Work" presented for discussion at the regular Party Central Committee Plenum, implementation of restructuring processes that entirely encompass the economy, political system, and social and spiritual spheres of society, was laid down as an urgent practical task for the party and people. This important party document, which is of historic significance, naturally attracted the attention of the public. Communists and working people of our country are discussing it with great political activity and efficiency.

The economic and social development plan of the MPR for the coming year will be implemented under new conditions of deepening and expanding restructuring processes which are acquiring an increasingly complex nature and encompassing all facets of our society's life.

Comrade deputies, prior to setting out the basic tasks of the 1989 State Economic and Social Development Plan of the MPR and measures for achieving them, permit me

to briefly report on the progress made in fulfilling the eighth 5-year plan and on some pressing issues that require detailed examination.

Preliminary Results of Fulfillment of the Economic and Social Development Plan of the MPR in the First 3 Years of the Eighth 5-year Plan Period.

During the past three years of the current 5-year plan period there was an overall noticeable growth in the country's economic potential. The number of people working in the national economy increased by almost 60,000 over 1985. Some 14.4 billion tugriks in capital investments were allocated to strengthening and expanding the material and technical base of the national economy. Fixed productive capital increased by 27 percent and reached 32.7 billion tugriks.

The country's public production has been increasing steadily. The growth of national production income for the 1986-88 period amounted to almost 940 million tugriks. Production of industrial products increased an average 5.5 percent annually while the average annual volume of agricultural production increased by 15 percent over the same indicator for the previous 5-year plan period. The volume of construction and installation work fulfilled by Mongolian construction organizations increased by 28 percent while the volume of freight haulage by all transport systems increased by 17.6 percent.

Measures aimed at raising the material welfare and cultural level of the people, set down in accordance with the decisions of the 19th MPRP Congress, are basically being completely fulfilled.

Real per capita income of the population increased by 6 percent during the indicated period with an average annual population growth of 2.8 percent. The retail trade goods turnover increased by 12.8 percent which ensures achievement of the planned level.

During the 1986-88 period residential buildings with 690,000 square meters of living space were commissioned at the expense of the state, enterprises, and organizations, which was 1.5 times more than during the corresponding period of the past 5-year plan period. The trend to build individual homes is expanding. Living conditions for specialists in rural areas are improving.

Plan tasks are being fulfilled in strengthening the material base of branches of health services, public education, and culture.

However, it should be noted that despite the successes achieved, many opportunities to increase the volume of production and expand services were missed during the past years of the eighth 5-year plan period. This causes certain difficulties in fulfilling the 5-year plan, particularly in implementing the set tasks aimed at raising efficiency and quality.

Growth of national income production did not reach the planned level. During the past 3 years, produced national income increased by an average of 4.5 percent per annum as compared to a planned 5.2 percent, and consequently its nonfulfillment over these years amounted to a total of 250 million tugriks.

Failure to fulfill plan tasks in the production of net output in agriculture and industry as well as nonfulfillment of the construction and installation plan by workers of Mongolian construction organizations had a negative effect on the growth of national income.

During the past years of the current 5-year plan period considerable losses were incurred by agriculture, due primarily to extremely unfavorable weather conditions that occurred in certain aymags, and also as a result of the fact that not all farms were able to ensure proper preparations to overcome such difficulties. In connection with this, in order to create normal conditions favoring further development of this branch, the volume of centrally procured livestock had to be reduced by 12,000 tonnes as compared to the plan in 1987 and by 38,500 tonnes this year. Similar measures will have to be adopted in 1989 as well. At the same time, the situation requires that the volume of centralized deliveries of meat to the domestic market must not be decreased and it is even essential to mobilize all possibilities to increase them. Under these conditions, measures had to be adopted to decrease meat deliveries for export by the indicated volumes, and to compensate this with deliveries of other goods, notably grain. Obviously, a decrease in livestock procurement also affects the supply of raw materials to the light and food industry.

During the past years of the current 5-year plan period, failures were also permitted in the plans for procurement of sheep and camel wool, leather, and centralized deliveries of milk.

The task of considerably decreasing losses of animal husbandry and farming produce during its transportation, processing, and storage remains acute.

From year to year, the timely commissioning of dozens of projects is not ensured, although allocated capital investments are fully assimilated, and the volume of unfinished construction is not decreasing. This, in turn, leads to nonfulfillment of plans for goods production and services and to a decrease in the efficiency of capital investments and yield on funds. Because of the failure to commission a number of major projects in the set timeframe, in the past three years in the branches of industry alone an opportunity was lost to produce nearly 30 million tugriks worth of goods. Failure to fulfill plan tasks by contracting organizations directly subordinate to the State Committee for Construction had the greatest influence on this. It should also be noted that this lag in

construction did not occur only because of unsatisfactory work of contracting organizations but also in connection with shortcomings in the work of client groups, design organizations, and certain difficulties occurring in the area of material and technical supply.

Presently, the greatest bottleneck is in the design business. More than 60 large projects, the construction of which the 5-year plan earmarked to begin in the forthcoming year, have not been included in the 1989 plan because design and cost analysis documentation for these projects were not ready. But even if they had been available, in practice serious difficulties in construction would continue to occur due to instances of irresponsible attitude in preparing requisitions for material and equipment. The following fact will serve as an example. In 90-odd projects, representing half of the volume of construction for 1989 to be carried out with the technical aid of the Soviet Union, contracts had to be signed following additional requisition for more material and equipment because volume had been underestimated in the first place. Such a state of affairs leads to a breakdown of coordination in construction work and material and equipment deliveries and is one of the main reasons for delays in the commissioning of projects. The increase in capacity of construction organizations falls significantly short of the needs of the national economy. There has been talk of increasing the capacity of construction organizations in the central district, first and foremost in Ulaanbaatar, from the very beginning of the present 5-year plan. However, up until now, no noticeable progress has been made in this direction.

It should also be noted that the despicable state of affairs which tolerates the scattering of forces and resources under the pressure of clients, instead of focusing them on completing the most important projects, still persists.

Planned tasks are being successfully fulfilled in industry as a whole. At the same time, there are some shortcomings and omissions in the activities of individual branches, enterprises, and organizations. The situation in several logging and wood treatment enterprises, the food industry, and the building material industry is unsatisfactory. The economic result of their work is poor. Such enterprises as the Ulaanbaatar furniture and cardboard combine (recently incorporated into the Ulaanbaatar furniture and wood treatment combine) which was commissioned this year, the mixed fodder plant in Baruun-Heer, enterprises for manufacturing wall materials in the Oborhangay and the Dundgobi Aymags as well as food combines in several aymags belong to this category.

Difficulties in providing the population with consumer goods and ensuring an equilibrium in monetary turnover arise in the course of fulfilling the 5-year plan. Under conditions of steady retail growth, a tendency toward a decrease in commodity resources has been noted. In

terms of overall volume, with the exception of alcoholic beverages, the country's enterprises exceeded the plan of delivery of consumer goods to the domestic market. At the same time, contrary to signed economic contracts, a number of commodities, including clothing, timber, hardware, and footwear items have not been delivered. As is well known, import continues to play an important role in ensuring supply of commodities to the domestic market. However, in recent years, despite the constant planned increase in the level of hard currency resources earmarked for acquiring imported consumer goods, the volume of these goods purchased on the foreign market did not increase.

The significant drop in the sale of alcoholic beverages against that foreseen by the 5-year plan—which budgeted for a steady decrease in volume sold—has not been fully compensated by a corresponding increase in availability of other goods on the market and an expansion of paid services. This too had an effect on the situation in commodity reserves and money turnover.

All this speaks of the need in the future to apply maximum efforts to mobilize all available reserves in building up production of consumer goods, broaden paid services to the population, and looking at ways to increase the purchases of consumer goods at the expense of reducing, within reason, the importation of manufacturing and technical goods.

During the last 20-odd years, the country's population has grown at a steady and high rate. As a result, the country has entered a period characterized by a high growth rate of labor resources and obvious improvement in the supply of labor to branches of the national economy. These labor resources increased by more than 140,000 during the last five years. This is why our attention in the future should be focused on the most efficient and complete use of these labor resources. Presently, a situation arises whereby a number of aymags and cities have an excess of labor, while there are shortages of labor in construction and animal husbandry. It is necessary to considerably increase the role and responsibility of aymag, city, somon, rayon, and horon hural executive administrations in the cause of organizing work for the full and efficient use of labor resources by implementing the following measures: organization of additional work places in conjunction with strengthening construction organizations; expansion of the contract system in animal husbandry, agriculture, and construction; organization of small enterprises which do not require large capital investment and expensive equipment; development of labor collectives; and providing all possible support for the expansion of individual labor activity. These measures, if organized efficiently, will undoubtedly promote an increase in the output of various goods at the local level to satisfy the needs of the national economy, the population, and the expansion of the service industry.

Comrade deputies!

Overcoming these difficulties and shortcomings, ensuring balanced economic development, compensating for backwardness, which had been permitted during previous years, and the unconditional fulfillment of the 5-year plan as a whole—these are the requirements which guide the elaboration of the MPR Draft Plan for State Economic and Social Development in 1989.

Basic Tasks of the 1989 MPR State Economic and Social Development Plan

Measures directed at the implementation of the tasks of production growth, realization of services, and increased efficiency and quality, as well as the tasks for social development envisaged by the 5-year plan are reflected in the draft plan for next year.

As before, it is envisaged to implement in the year under consideration the broad-scale measures on increasing the potential of productive forces.

In 1989, capital investment totaling 5.2 billion tugriks will be allocated to strengthen the material technical base of branches of the national economy. It is envisaged to direct 36 percent of the total sum, or 1.9 billion tugriks, toward expansion, reconstruction, and technical re-equipment of functioning enterprises, farms, and organizations, and two-third of the sum toward developing branches of material production.

Next year, as envisaged under the long-term plan, measures will be implemented directed at strengthening branches of the national economy with qualified personnel.

In developing the draft plan for the year, indices of development of public production and increasing its efficiency were taken into consideration, in accordance with the tasks set by the 5-year plan for 1989. The planned growth of these indices is related to the 1988 plan. Thus, it is envisaged to increase in 1989 the production of national income by 4.6 percent, or by almost 370 million tugriks, and, by doing so, to reach the 5-year plan level of 8.2 billion tugriks. This is 7.1 percent more than what was expected for this year.

According to calculations, two-third of the 1989 national income growth will be obtained as a result of increased labor productivity.

The establishment of economic conditions in which each working person strives to do honest and highly productive work is becoming one of the main ways to increase labor efficiency and a vitally important part of economic reform. It is necessary to more closely link the payment for work done by each worker and each collective with the end result of their activity, and to consistently introduce into practice progressive forms of labor organization. The contract system plays a significant role in increasing goods production and reducing expenditures, and the work

started by individual state farms and agricultural associations in this direction attests to this. The contract system and lease relations are specific forms of production relations which are adequate for the present stage of development of productive forces. They are most important ways for overcoming the alienation of the working man from socialist property. The experience of such new and progressive forms of labor organization should be popularized; the question of economic relations between their participants should be meticulously analyzed; and enterprises and economic organizations should be provided with systematic recommendations.

Next year, it is envisaged to cut specific outlays of material expenditures by the following figures, as compared to 1988: in industry and agriculture, by 1.5 percent; in construction, by 4.4 percent; in motor transport, by 1.4 percent, and in municipal economy, by 5.4 percent. At the same time, relevant ministries, departments, aymags, and cities are being tasked to economize on those material resources which have a decisive significance in securing a proper correlation within the national economy. These tasks are reflected in relevant material balances.

It is important to transform the economizing trend into a universal cause, supported by everyone's understanding that frugal spending of material resources is one of the main means to increase wage funds and profits of collectives due to economic accountability. In this connection, it is proper to note that, in our country's situation, in which the demand for goods required for production and the technical sphere is satisfied mainly by import, it is becoming increasingly important to raise the responsibility for and increase control over the compilation of orders for imported machinery, equipment, spare parts, and raw and other materials; to reject the practice of compiling orders without proper mutual technical coordination and "batched-up-ness" [komplektnost] of supplies, and the practice of ordering in quantities exceeding real needs; and to efficiently involve into economic turnover those goods—that is, the material values—that have been accumulated.

In 1989, the volume of accumulation in the national economy, as a whole, will increase 4.7 percent as compared with the 1988 plan figure.

Comrades!

Allow me to dwell on the task of developing the basic branches of material production and the measures directed at its implementation.

The Tasks of Developing the Basic Branches of Material Production

Agriculture—The MPR Council of Ministers, having considered the proposals of local bodies on the new system of agricultural planning which has been functioning since the beginning of the 5-year plan period, recently

adopted a resolution on the introduction of individual amendments to this system, so as to further reduce the number of planned indices approved at the higher level and expand the practice of using normative planning methods. This measure is directed at the creation of conditions whereby agricultural enterprises will be able to plan and organize, optimally and by themselves, their respective production activities, in accordance with the interests of society and while taking into consideration the peculiarities of their own production.

During the plan year it is envisaged to allocate about 930 million tugriks in capital investments to strengthening the material and technical base of agriculture. As a result of this, fixed productive capital in this branch will increase by 7 percent as compared to 1988 and will amount to nearly 9 billion tugriks. Next year it is planned to commission a whole series of projects, including mechanized dairy farms with a total capacity of 2,400 cows, pig farms for more than 700 breeding pigs, poultry farms for 12,900 laying hens, and mechanical irrigation systems on 1,900 hectares. The provision of skilled personnel and labor for this branch will improve.

Next year must be decisive in terms of forming the prerequisites for overcoming the lag that was permitted in previous years of the 5-year plan period and for ensuring further stable growth of production.

In 1989 the return of state and cooperative agricultural enterprises from the marketing of products will increase by 7 percent over the planned level for this year.

In connection with a decrease in the volume of central procurement of livestock, aymags and state and cooperative agricultural enterprises should more fully use this opportunity to increase the numbers of breeding livestock and improve the structure of herds.

Next year it is envisaged to decrease the 5-year plan figure for the volume of centralized procurement of the four major types of livestock by 45,100 tonnes, to increase the volume of state procurement of milk by 1.9 million liters, butter by 342 tonnes, eggs by 3.4 million, and pork by 1,600 tonnes as compared to 1988. In order to further increase the rate of production of goats, implementation will continue next year of measures aimed at preserving goats in the public herd, and where possible excluding them from procurement.

Beginning in 1989 it is envisaged to change to a system whereby the volume of state procurement of all types of wool and leather materials will not be confirmed from above but will be determined by agricultural organizations independently on the basis of norms stipulated by the state with subsequent conclusion of economic agreements with producing organizations. Fulfillment of plan tasks will be evaluated in a flexible manner in each specific instance, taking the indicated norms into consideration.

Calculations carried out on the basis of the number of heads of livestock and their makeup expected at the end of this year, and on the basis of norms adopted in the 5-year plan, indicate that taking into account the volume of meat production envisaged by the draft, the overall number of head of livestock may amount to 24 million head by the end of 1989, of which at least 11.3 million will be breeding animals.

Increasing the procurement and production of fodder is of decisive significance for ensuring the steady development of animal husbandry. According to drafts drawn up by aymags and cities, next year 1.3 million tonnes of fodder, calculated in standard fodder units, will be produced, which is 15 percent more than in 1988.

Changes are also being introduced into the system of agricultural planning, in accordance with which the volume of procured hay for the state fund will be established centrally for five years with an annual breakdown without subsequent adjustments. Next year, the delivery of hay to the state fund will increase by 5 percent as compared to the plan level for 1988.

Funds directed into the realization of measures aimed at irrigating pastures and improving the availability of livestock premises will be allocated in amounts that have been envisaged in draft plans drawn up by aymags.

The draft plan envisages increasing the volume of centralized grain purchases by almost 90,000 tonnes as compared to the level established by the 5-year plan for 1989. This additional volume of purchases is presented to aymags and cities in the form of state orders. The delivery of grain through the fulfillment of state orders will be paid for at procurement prices with a subsidy of 50 percent without a simultaneous payment of incentive increments for production growth. Taking into consideration the additional volume of purchases, the delivery of grain to centralized funds will amount to more than 630,000 tonnes net weight in 1989, which is 17.5 percent more than in 1988.

The volume of centralized deliveries of other basic kinds of products of farming has been established at a level envisaged by the 5-year plan for 1989. In particular, 112,400 tonnes of potatoes, 48,700 tonnes of vegetables, and 2,000 tonnes of industrial crops will be delivered for centralized needs next year.

With the aim of ensuring further growth in the efficiency of crop production, it is necessary to devote special attention to increasing the yield of agricultural crops by consistently introducing into practice intensive technologies and fundamentally improving the use of irrigated sowing areas.

Proceeding from the need to improve the supply of potatoes and vegetables to the population, the plan estimates envisage an increase in the delivery of early

ripening varieties of potatoes and vegetables. Agricultural and trading organizations should ensure precise organization of work relating to the production of potatoes and vegetables and their delivery to meet the needs of the population of the cities of Ulaanbaatar, Darhan, Erdenet, aymag centers, and other population centers so that the demands in these crops are satisfied more evenly and more steadily. The different varieties of potatoes and vegetables according to ripening time, as well as a schedule for their deliveries, should be detailed in economic agreements concluded between the aforementioned organizations. It should be noted that the delivery of potatoes and vegetables of early ripening varieties is economically more advantageous to farms. However, in past years there were instances in which various farms decreased the delivery of such products due to the tediousness of their cultivation, explaining this by saying that they supposedly operated within the framework of conceded rights. This criticism also concerns farms delivering milk for centralized needs. In connection with this, we would like to recall that not a single farm manager has the "right" to cause economic losses to a farm or collective through his rash actions. This is all the more inadmissible when such actions lead to interruptions in the delivery of foodstuffs to the population and a reduction in their deliveries against the achieved level.

Aymags and farms engaged in land cultivation are not fully using opportunities to increase their profits through the cultivation of protein fodder crops, fruit, and berries, although the demand for them in the national economy and among the population is constantly growing. It is essential that more specific and productive work than previously will be organized next year in this direction.

Particular attention is being paid during the current 5-year plan period to ensuring conditions for storing grain, potatoes, and vegetables without incurring losses if possible, and considerable funds are being earmarked for this. Taking into consideration the capacities that will be commissioned next year, grain elevators with a total volume of 126,000 tonnes, warehouses for storing 35,000 tonnes of grain crop seeds, and storage facilities for 26,600 tonnes of marketable potatoes will be commissioned during the 1986-90 period.

Raising the efficiency of agricultural production was and remains our pressing task. Obviously, certain movement has occurred in this sphere during recent years. However, a number of state and cooperative farms are normally operating at a loss. The leaders of such farms, instead of undertaking an active and creative search to mobilize reserves to decrease interruptions in production and raise its efficiency, are not divesting themselves decisively of deep-rooted practices and find themselves dependent on the state. In order to overcome this negative phenomenon, it is very important to perfect methods of livestock breeding and farming, to skillfully use new forms of labor organization, and primarily, I will

repeat, to support in every way possible and disseminate economic management practices on the basis of developing collective, family, and personal lease contract systems.

Industry—The industrial development plan for next year is generally aimed at ensuring the fulfillment of tasks envisaged by the 5-year plan and raising the efficiency of the branch.

In accordance with a decision of the Third Party Central Committee Plenum, beginning this year a new system of planning is being introduced in industry. Taking into account the preliminary results of this work and proceeding from principles laid down in the draft MPR Law on the State Enterprise, a series of changes and clarifications is being introduced into the list of products produced in accordance with state tasks and the composition of centrally established resource limits. The meaning of these changes and clarifications, which will go into effect in 1989, lies in further reducing the number of indexes confirmed from above and in expanding the sphere of application of normative methods in planning. Included in the resource limits, in particular, are finite procurement volumes of timber, and carry over residues of scoured wool, chrome, and Russian leather on hand at the end of the year while prefabricated timber houses, construction joinery products, prefabricated yurt sets, plywood, wood particle board, flooring lumber, scoured wool, chrome and Russian leather, and leather board have been excluded from the list of state tasks.

In 1989, net industrial production output will increase by 8.8 percent as compared to the 1988 plan and at least 60 percent of this increase will be ensured by a growth of labor productivity. In determining the plan volumes of net production output in this branch, the projections of ministries, state committees, and departments for economizing materials, raw materials, fuels, and petroleum with a total value of more than 70 million tugriks were taken into account.

The task has been set to increase accumulations, making up a considerable part of the net output of industry, by 9 percent as compared to the plan level for 1988 and thereby to bring its volume up to 2.2 billion tugriks.

The production of goods of the first category of quality will increase by 5.8 percent over 1988, or by 146 million tugriks, while their proportion in commodity output will reach 33.7 percent.

Next year, 1.31 billion tugriks of capital investments will be directed into the development of industry. The output of industrial products will increase by 460 million tugriks. According to estimates, 40 percent of this increase will be accounted for by new enterprises that will begin production next year.

The draft envisages measures to meet the growing demand of the national economy in fuel and energy.

Coal output will increase by 4.1 percent as compared to the 1988 plan, and will reach 9 million tonnes.

An important task of the power industry is to satisfy as fully as possible electrical and fuel energy requirements on the basis of improving the use of capacities of power industry enterprises and ensuring reliable and economical operation of equipment.

With the aim of increasing the reserves of mineral raw materials and expanding geological research, it is envisaged to increase the amount of geological prospecting work by 4.2 percent as compared to the current year and to allocate 145 million tugriks from the state budget to finance it.

The production output volume of the mining industry has been established in accordance with the 5-year plan.

With the aim of broadening the independence of joint Mongolian-Soviet enterprises, raising their economic efficiency, and regulating the monetary, financial, and economic activities of these enterprises, the sides agreed this year to new economic conditions for their operation. During the plan year the "Erdenet" Combine and the "Mongolsovtvetmet" [Mongolian-Soviet Nonferrous Metallurgy] Association will function in accordance with these new conditions.

In the metal working and machinery repair spheres, the nomenclature and volume of products, with the exception of vehicle trailers, will be determined through economic agreements. It should be noted that, in this branch, agreement discipline remains low and product quality and the organizational level of work have in many ways fallen behind current requirements.

It is essential that the Commission on Questions of the Metal Working Industry, with the participation of corresponding ministries and departments, primarily the Ministry of Foreign Economic Relations and Supply and Ministry of Transport, ensure the elaboration and realization of measures to improve the utilization of capacities, expand the nomenclature, and raise the quality of produced goods on the basis of specialization and cooperative forms of production.

It is envisaged that requirements of the national economy in basic kinds of construction materials will be met by more fully utilizing the capacities of construction materials industry enterprises. The draft plan envisages the introduction of a number of progressive methods and technologies, particularly the production of wall materials as well as enlarged bricks at enterprises, the use of cheap, naturally available fillers in the preparation of cement, the use of clay rock found in overabundance, the production of sandy porous blocks, as well as floors from lumber industry waste.

Bearing in mind the need to expand individual construction and to decrease distant haulage of construction materials, we consider it expedient for the executive administrations of aymag and city hurals to directly organize work aimed at making wall construction materials from available local raw materials resources by ordinary means.

With the aim of increasing light industry output, the draft plan envisages a number of steps aimed at increasing the capacities of this important branch of the national economy by expanding some of its enterprises and shops. At the same time, beginning next year, it is planned to change to a system in accordance with which enterprises and organizations turning out products for production and technical purposes will be given schedules for the production of consumer goods calculated on the basis of each tugrik of the unified labor remuneration fund or the wages fund.

The draft plan includes provisions for increasing the output of the leather footwear industry by 1.3 percent, wool processing industry by 9.4 percent, and sewing industry by 5.5 percent as compared to 1988.

The task is set to satisfy the need for woodworking industry products by rationally and comprehensively using procured timber, introducing technologies that result in little or no waste, increasing the production of wood particle board and plywood, and expanding the output and variety of consumer goods made from wood and improving their design and appearance.

The draft plan reflects a number of important measures aimed at rationally using forest resources and organizing reforestation work. Next year, for instance, the volume of state timber procurement will decrease by 100,000 cubic meters as compared to the 1988 plan. Reforestation work will be carried out on an area of 7,000 hectares, and forest conservation work on an area of 4,000 hectares, while the area of forest plantations being transferred to the state forest fund has been increased.

With the aim of satisfying the needs of the population and fulfilling the tasks envisaged by the Food Program, it is planned to increase the production output of the food industry by 4.4 percent as compared to the 1988 plan. It is necessary to strive for the mobilization of all available reserves and opportunities for increasing production output, expanding the variety of food products, and raising their gustatory and nutritive qualities by improving the use of capacities of food enterprises, the complex use of raw and other materials, and by decreasing product losses. It is essential to sharply raise the responsibility of aymag hural executive administrations as well as agricultural and food industry administrations for providing aymag food enterprises with the necessary raw materials, primarily milk, and improving the use of operating capacities. Local hural executive administrations at all levels should show greater initiative in the

cause of organizing small shops and production facilities in somon centers and population points for turning out food products for local population needs.

Capital Construction—The 1988 draft capital construction plan was elaborated in accordance with the investment policy worked out by the 19th party congress aimed at concentrating efforts, means, and material resources on the construction of major production projects and at implementing measures linked with the solution of immediate social tasks.

In 1989, more than 400 million tugriks of capital investments will be directed towards strengthening the material base of construction organizations, as a result of which measures will be implemented aimed at strengthening the production bases of these organizations, improving their equipment with machines and mechanisms, and increasing the capacities of specialized and some other subcontracting organizations as well as inter-association enterprises. The formation of mobile construction and installation columns will be basically completed in 1989. It was envisaged to establish them during the current 5-year plan period in accordance with a plan for Soviet technical assistance.

For the year under consideration, the envisaged volume of construction and installation work to be performed by Mongolian construction organizations will be 2.1 billion tugriks, or 9.7 percent more than envisaged under the 1988 plan.

According to draft plans, 43 percent of the construction and installation work to be done by Mongolian construction organizations in 1989 will be carried out on projects which are near completion, and about 40 percent on new projects. More than 60 percent of this work will be done on projects to be built by Mongolian organizations with technical assistance of the Soviet Union and other fraternal countries. In view of the need to secure the fullest fulfillment of the tasks set for 1989 under the 5-year plan, the volume of newly constructed projects will be increased.

The draft plan for 1989 capital construction is basically balanced by material, finance, and labor resources. However, customer and contractor organizations and the Ministry of Foreign Economic Relations and Supply should pay special attention to ensuring mutual coordination between materials and equipment supply and construction progress.

Executive administrations of aymag and city hurals and construction organizations must show greater initiative in organizing measures to economize and substitute construction timber and cement. While doing so, one should, of course, not weaken control over the quality of construction work. It should be noted here that no significant improvement in the quality of construction work, however slight, has been observed.

Executive administrations of aymag and city hurals should properly use the rights granted to them in the construction sphere and pay special attention to the question of concentrating material and labor resources, machinery and equipment primarily on those projects which are near completion and those which are being constructed under orders of the state.

Taken into consideration in compiling the draft plan for capital construction are the proposals made by ministries, departments, and executive administrations of aymag and city hurals on financing the construction of projects from non-centralized sources of capital investments, whose volume is more than 1.4 times that of 1988.

The draft plan for capital construction includes about 170 projects proposed in voters' instructions to deputies of the People's Great Hural. Of these, about 90 will be commissioned in the forthcoming year. Capital investments amounting to more than 190 million tugriks are being allocated for this purpose. Local hural executive administrations should exercise efficient control over the use of these financial and material resources according to their allocations.

An important step has been made to root out the practice of including into plans those projects for which design and cost analysis have not been completed. Included in the list of projects which are envisaged by the state plan and whose construction is allowed for 1989 are those provided with design and cost analysis. Executive administrations of aymag and city hurals are urged to adopt the same attitude when considering the approval of projects whose construction is within the jurisdiction of local bodies.

The implementation of the tasks set for the country's economic and social development depends to a great extent on the fulfillment of the plan for capital construction. The improved coordination of activities and the increased mutual responsibility of client, contractor, supply, and designing organizations will continue to have a decisive significance in guaranteeing the construction and timely commissioning of projects envisaged by the plan for 1989.

Transport and Communications—It is planned to transport 56 million tonnes of freight and 256 million passengers by the various means of transportation, thereby satisfying the transportation needs of the national economy and the population as well as increasing the profit to be made by the branch as a whole by 6.6 percent, as compared to 1988.

For our country, with its large territory and dispersed productive forces, rational organization of haulage is of great significance to implementing the task of increasing the economic efficiency of public production. In terms of implementing this task, it is primarily essential in motor transport to elaborate and implement effective measures

directed at improving transport systems through centralization, significantly reducing nonproductive expenses, and economizing fuel and lubricants.

In the year under consideration, capital investments totaling 480 million tugriks will be allocated to strengthen the material and technical transport base. It is envisaged to commission a number of important projects related to the implementation of measures to expand new kinds of transport services, strengthen centralized and specialized motor transport organizations, improve repair and technical services, and increase oil tank capacities. It is also envisaged to undertake measures to strengthen the material base of railway and air transport and expand the construction of motorways and bridges.

In 1989, capital investments totaling more than 70 million tugriks will be directed at the development of communications. These funds will be used to implement measures to expand and increase radio relay capacities and air communication lines [vozdushnyye linii svyazi], and to increase telephone station capacities in Ulaanbaatar City, somon centers, and other population centers.

According to the 1989 draft plan, the volume of services provided by communications will be increased 5.8 percent, as compared to 1988.

The Ministry of Communications needs to undertake measures directed at reducing the incidence of communication equipment breakdowns, securing reliable rural communication operations, and improving the efficiency and quality of services.

Social Development and Tasks of Improving the People's Welfare

Comrade Deputies!

As before, measures whose implementation is aimed at solving the tasks of social development and improving the people's well-being occupy a special place in the 1989 draft plan.

Next year, the population's monetary income will increase by 4.4 percent, including an increase in the wage fund for workers and employees by 5.2 percent and an increase of the labor remuneration fund for those working in agricultural cooperative organizations or the public economy by 2.7 percent. Measures will be taken to increase wages of individual categories of workers in the trade and public catering sectors and salaries of directors, deputy directors, and chiefs of teaching departments of schools of general education, secondary vocational schools, and professional technical schools.

It is planned to increase the retail trade turnover of state and cooperative trade by more than 200 million tugriks compared with the 1988 plan, or by 4.4 percent, bringing it to 4.8 billion tugriks.

According to calculations, in the forthcoming year, the volume of commodities earmarked for delivery by the various branches of agriculture and industry for market allocation will increase 10.9 percent, compared to the 1988 plan level, while that of imported consumer goods will increase 3.9 percent. Market commodity allocations to some extent exceed the volume envisaged by the 5-year plan.

Significant attention has been paid to the improvement of foodstuffs supply to the population. The calculations for 1989 envisage the supply of basic kinds of foodstuffs for market allocation in quantities set by the Food Program and the prospective plan or, for some kinds of foodstuffs, even in larger quantities.

Coordinated activity of trade and transport enterprises and organizations in expanding the variety and increasing the proportion of prepackaged foodstuffs, improving packaging and wrapping, rationally distributing commodity resources, and securing rapid delivery of goods will have a decisive significance in regularly meeting the needs of the population. Relevant organizations need to pay particular attention to justified criticism and censure in this respect on the part of the working people.

Development of auxiliary farms belonging to enterprises, institutions, and organizations and personal auxiliary farms belonging to individuals, as well as appropriate work in organizing the sale of their surplus foodstuffs through produce markets greatly help in improving the supply of various foodstuffs, including meat, to the population. Results of the work being undertaken in Darhan City and Selenge Aymag vividly attest to this case.

In the year under consideration, according to calculations, the volume of industrially made consumer goods manufactured and provided for market allocation will grow noticeably, which corresponds fully with the tasks set by the 5-year plan.

The volume of consumer goods manufactured and provided for market allocation is generally controlled by economic agreements concluded by enterprises with trade organizations, with the exception of a limited groups of goods whose allocation is centralized. The total volume of such goods to be provided next year for market allocation has been agreed upon, as has been past practice, at the wholesale trade fair.

The corresponding calculations and balances take into account imported and domestic construction materials funds totaling 14.2 million tugriks, which will be sold to the population through the trade network at subsidized prices for the construction of individual housing.

Next year the limit of convertible currency earmarked for the purchase of imported consumer goods has been set at 140 million convertible rubles, which appreciably surpasses the expected plan fulfillment for the current year.

In 1989 it is planned to increase the goods turnover in public catering by 3.7 percent, or by 11.4 million tugriks, as compared to the 1988 plan, including 8.8 million tugriks worth of individual goods.

To ensure a balance between monetary incomes and expenditures of the population, the expansion of all forms of services rendered to the population by enterprises, economic organizations, and departments acquires particularly important significance.

During the plan year the volume of consumer services will increase by 7 percent, and in particular they will increase by 19.7 percent for the rural population.

It is essential that the Ministry of Social Economy and Services intensify work aimed at implementing the decisions of the 1st session of the 11th MPR People's Great Hural, which specially discussed the question of improving consumer services to the population and step up its activities in the sphere of expanding the variety of services rendered to the population, improving their quality and accessibility, and increasing the efficiency of services.

Great significance in the plan for next year is being attached to strengthening the material base of the social sphere. It is planned to allocate a third of the entire volume of capital investments in the national economy to its development, or 1.77 billion tugriks, which is more than 240 million tugriks more than the volume envisaged by the 5-year plan.

Residential buildings with a living space of 435,700 square meters will be built during the plan year, including 356,500 square meters of residential housing and boarding houses to be commissioned at the expense of state and cooperative organizations. This is 96,000 square meters more than was envisaged by the 5-year plan.

The estimates take into consideration measures aimed at building 79,200 square meters of housing with the manpower and funds of citizens, which is 44,400 square meters more than foreseen by the 5-year plan. The draft also envisages an expansion of measures aimed at providing long-term bank credits to the working people on preferential terms for the construction of private residential houses and the sale to them of construction materials at preferential prices.

Next year it is planned to commission buildings for general education schools for 12,300 pupils, boarding schools for 1,300 beds, and kindergartens and nurseries for 4,100 beds, which also exceeds the task established by the 5-year plan.

Aymag and city hural executive administrations and contracting construction organizations should sharply increase attention to the construction of projects for children's institutions, bearing in mind the need to complete construction and to commission schools and kindergartens by the beginning of the new academic year.

It is planned to assimilate nearly 300 million tugriks of capital investments in the social economy and to expand the range of services provided.

With the aim of satisfying as much as possible the growing spiritual requirements of the population, cultural and arts organizations must direct their activities towards expanding the accessibility and improving the quality of cultural services and should restructure the style and methods of work.

The health services are given the task of expanding the variety and range of medical assistance provided to the population and to raise medical services to a qualitatively new level.

Despite a constant growth in the number of hospital beds and the number of physicians per every 10,000 people, there has been no noticeable decrease in the incidence of child mortality and infectious diseases. The Ministry of Health should draw the proper conclusions from this in its work.

Consistent realization of measures reflected in the specific programs on maternal and child health protection and on the struggle with viral hepatitis for the period up to the year 2000, approved by the MPR Council of Ministers, must be at the center of attention of health organs, ministries, departments, public organizations, and aymag and city hural executive administrations.

In accordance with the decision of the fourth party Central Committee plenum (1987), the 1989 draft plan contains multifaceted measures directed at improving the cultural and living conditions of rural workers, first of all, of livestock breeders.

Along with an increase in the volume of construction of cultural, social, and commercial service facilities, as well as child care centers, schools, and hospitals, there will be a significant increase in housing construction in rural areas.

In the year under consideration, it is planned to construct, at the expense of state and cooperative organizations, 94,000 square meters of housing and hostel space in rural areas, including housing for 2,800 specialists and

their families in somons. In accordance with applications made by rural workers, the draft plan reflects measures to build, at their expense, 50,000 square meters of privately owned housing. As a result of these measures, 60 percent of specialists working in rural areas and 70 percent of specialists working in somons of eastern and Gobi aymags will be provided with permanent housing.

In the forthcoming year, 20 rural population centers, in particular agricultural association centers, state farms, brigades, units [otdeleniya], and dairy farms will be connected to the central power network. Moreover, measures will be taken to provide more than 200 brigades, dairy farms, and units with diesel-generated power; and more than 3,000 livestock suurs [sites] with gas, wind, and other sources of power-generating equipment. As a result, more than 45 percent of brigades, dairy farms, and units, and a quarter of all livestock breeding suurs will be provided with an electric power source.

With the aim of increasing the production and improving the supply to rural workers of goods that are in demand, it is planned in 1989 to increase the sale of goods to the rural population by 160 million tugriks, bringing the total sum to 2.6 billion tugriks. This is a 6.6 percent increase compared with the 1988 plan.

The draft plan provides for an increase in the production of felt footwear and fur-lined (?coats) [deli] by 1.6 to 2.2 times in comparison with 1988, and the production of tarpaulin covers, boots, yurt frames, raincoats for livestock breeders, and felt by 10 and 26 percent.

Implementation of Scientific and Technical Achievements and Environmental Protection

Comrades!

The party and the government, paying constant attention to the need to strengthen the material and technical base of scientific organizations and improve the availability to them of qualified cadres, are implementing important measures in this area. Presently, some 5,700 people are working in more than 50 academic and industrial scientific organizations in the country. For a country like the MPR, this represents a considerable scientific potential. Positive progress in the work of several scientific organizations is taking place; the practical significance of scientific research and studies is growing. Such positive undertakings are more noticeable in the activities of several scientific organizations belonging to the natural, technical, and agricultural sciences. However, it should be said candidly that the level of scientific research on the whole is significantly below the needs of the national economy.

The concentration of efforts of scientific organizations on intensifying scientific research directed at the main priorities of science and technology and the solution of

key problems of economic and social development of the MPR in the near future should be their urgent task. The Comprehensive Program for the MPR's Scientific and Technical Progress for the Period to 2005, developed by Mongolian and Soviet organizations, will play an important role in fulfilling this task.

More than 80 million tugriks, of which 50 million tugriks have been allocated from the science and technology development fund alone, will be directed at science development in the year.

The draft plan envisages that the state will task relevant ministries and departments with implementing more than 160 measures directed at mastering progressive equipment, technology, and new types of output, including the introduction into production of 40 projects which have already been developed and which have been demonstrated at the "Invention and Innovation Proposals '88" exhibition.

In accordance with the demands of the economic reform carried out in the country, the State Committee for Science, Technology, and Higher Education and the Academy of Sciences must immediately begin putting scientific organizations on an economic accountability basis. In order to strengthen the independence and economic incentive of scientific research organizations operating on the economic accountability principle, the draft plan envisages increasing the profit share left at their disposal by almost 15 points [punkty] as compared to last year. It is envisaged to experimentally introduce, at specific scientific research organizations, forms of economic accountability which will include the normative method of profit distribution.

The protection of the environment and mineral resources, which are the property of the state and the whole people, and the preservation of the ecological balance based on a sensible and rational utilization of natural resources in the interest of the national economy, is one of the topical problems of today.

In the forthcoming year, more than 220 million tugriks will be allocated to measures to protect nature. More than 70 specific ecological measures will be implemented.

In the year under consideration, it is envisaged to expand measures to control rodents and other pastoral pests, construct purification plants, tree nurseries and hot-houses, expand the network of hard-surface roads, and continue the work of breeding individual species of animals. As mentioned earlier, in the forthcoming year it is envisaged to implement some reduction in lumbering, as compared to the 1988 plan, and a significant increase in afforestation measures.

In order to protect the Hobsgol Lake from pollution, the Hadhal wool treatment factory will be reorganized into a protective clothing factory.

It is envisaged to start planting saxaul [a desert shrub], to restore minor lakes in the Gobi Zone, and reafforesting the mouth of the Tuul River.

Demands have justifiably been put forward to drastically increase the role and responsibility of ministries, departments, enterprises, and economic organizations in the cause of environmental protection and the rational use of natural resources.

Strict adherence at all levels of management to compulsory consideration of ecological requirements should become the standard in solving questions concerning the construction of new enterprises and economic organizations.

Foreign Economic Relations

Comrade deputies!

In 1988, a number of documents were developed and adopted in the framework of CEMA. These documents have a principled and important significance for the expansion and further development of economic, scientific, and technical cooperation among socialist community countries. The Special Comprehensive Program for Multilateral Cooperation between European CEMA Member Countries and the MPR takes a special place among them. The Concept for the Development of Foreign Economic Relations between the MPR and the USSR for the Period up to the Year 2005 was signed at the level of the heads of governments as well.

The implementation of measures envisaged by the said documents will have an important significance for accelerating the economic and social development of our country and perfecting the structure of the national economy, by means of intensive development of the processing branches of industry and accelerating the convergence of levels of development of the MPR and European CEMA member countries.

Work has been started on the development of the Basic Directions of the Country's Economic and Social Development for 1991-95 and for the Period up to the Year 2000, as well as on coordinating the national economy plans of the forthcoming 5-year plan period with the USSR and other socialist countries. The development and coordination of major measures to be solved within the framework of these plans should be completed within the first six months of 1990.

The present coordination of plans with the CEMA member countries differs from those of previous 5-years plans in that it will be implemented on three mutually related levels: that of governments, branches, and enterprises and organizations.

In this connection, great significance is acquired by the active participation in this work of branch ministries, departments, enterprises, and organizations, based on the

provision by them of meticulously elaborated substantiations and calculations for the measures earmarked for implementation in the framework of economic, scientific, and technical cooperation with fraternal countries.

During the plan year, as in past years, it is envisaged to implement large-scale measures with the technical and economic assistance of the USSR aimed at strengthening the material and technical base of branches of the national economy. Total credits assimilated through the efforts of Mongolian construction organizations with the technical assistance of the Soviet Union will increase by 8.4 percent next year. In 1989, it is planned to carry out construction and installation work at many major projects of production and social significance with manpower of Soviet construction organizations operating in the MPR. Fifteen of the largest of these projects will be completely or partly commissioned.

In accordance with agreements and treaties concluded with other socialist countries and international organizations, the 1989 plan envisages the construction of several projects and the realization of a number of measures.

The draft plan for foreign trade was elaborated proceeding from the need to mobilize export opportunities to the utmost and meet the requirements of the national economy and population in imported goods.

In connection with the need to adopt measures aimed at the rational use of natural resources, and also because of the difficult situation that has developed in animal husbandry, the draft plan did not manage to retain the volumes for delivery of a number of goods, particularly of timber, sawn lumber, and several kinds of animal husbandry products, at the level envisaged by the 5-year plan for 1989. Taking this circumstance into consideration, the draft plan pays special attention to finding additional export resources. In 1989, it is planned to increase the volume of exports by 1.9 percent as compared to 1988.

As regards imports, the draft plan estimates for 1989 do not envisage a noticeable increase in volume. In connection with this, the enlistment of available surpluses of goods for production and technical purposes in the economic turnover, and their rational use, become increasingly topical as does the thrifty use of resources purchased on the foreign market. At the same time, as was noted earlier, a certain increase in the import of consumer goods is planned.

One of the major tasks of foreign economic ties lies in broadening the introduction of new and progressive forms of cooperation, and perfecting the mechanism and raising the efficiency of economic interaction. It is important for our ministries, state committees, departments, enterprises, and organizations to display great activity and initiative in implementing this task.

In brief, these are the main tasks and basic indicators envisaged by the draft state plan for the economic and social development of the MPR in 1989.

Comrade deputies!

Under conditions of expanding economic reforms, the realization of tasks outlined at the state level for increasing public production, raising its efficiency, and social development depends in the long run on the way in which work will be practically implemented at enterprises, farms, and in institutions aimed at compiling plans and organizing their fulfillment. From the beginning of the coming year, the MPR Law on the State Enterprise will come into force. It is essential that, in

accordance with this law, every enterprise and institution, in independently developing and adopting its plans, concentrate its attention on ensuring steady growth of the income of labor collectives through financial autonomy, and of their contribution to state funds on the basis of increased production and improved efficiency, finding support from the initiative and aspirations of every worker and the entire labor collective.

I express firm confidence that under conditions of a deepening process of restructuring, which encompasses all spheres of social life, the working people of our country will demonstrate lofty social and political activity and successfully fulfill the plan tasks envisaged for the coming year.

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